

January 23, 2006

The Common Council met as the Water Utility Board at 7:0 p.m. on the above date in the Meeting Room at City Hall Annex with Mayor Knowles presiding and members Askren, Tucker, Rueger, Angel, and Cooper attending. Others attending were Supt. Gray; Comm. Epison; Chief Beloit; Chief Webber; Supt. Givens; Vicki Peerman; Betty Johnson; Belinda Jones; Sheila and Bennett Kilgore; Bret Moye and Jim O'Connor - Countrymark; Donnie Sutton; George Fischer; Paula Rudibaugh; Garth Ash - Moore & Associates, Inc.; David Wrightsman - Bowen Engineering; Ann Blackburn; Sis Claxton; Larry Williams; and Tiffani Eisenhower - Mount Vernon Democrat.

Mayor Knowles called the meeting to order by stating members were either mailed or hand carried copies of the minutes of their previous meeting and by asking if there were any corrections or additions. She added if not, she entertains a motion to waive their reading and to approve the minutes as presented.

Councilwoman Askren moved the reading of the minutes be waived and they be approved as presented. Seconded by Councilman Angel.

Mayor Knowles stated all those in favor of the motion should signify in the affirmative; and following the vote, she reported the motion carried unanimously.

Mayor Knowles requested action on the claims presented.

Councilman Cooper moved the claims presented be allowed for payment. Seconded by Councilwoman Askren.

Mayor Knowles stated all those in favor of the motion should signify in the affirmative; and following the vote, she reported the motion carried unanimously.

*****CLAIMS*****

Water Operating & Maintenance \$ 20,968.82

Water Consumer Meter Deposit 1,850.00

Mayor Knowles stated they will now hear the report of the Water Superintendent.

Supt. Gray reported he has given the Board copies of the water annual report and he would be glad to answer any questions. He reminded the Board that he really did not want this job, as the utility is \$7M in debt, lines are leaking everywhere, etc., but has been a good opportunity and he would like to thank the Board and Council for this opportunity. He stated that in the annual report the Board will notice that they have finally conducted an inventory, and there are 731 lines entered in the report.

Mayor Knowles asked if that had been turned into the state ?

Supt. Gray stated no, usually it is given to State Board of Accounts.

Mayor Knowles asked if the water department had made any headway on getting ready for M E Simpson to calibrate the meters ?

Supt. Gray replied no, not in the last two weeks, it is an ongoing thing, though they have started on the list.

Mayor Knowles asked that Supt. Gray keep the Board informed on the progress. This will hopefully save the city money as it is completed. She then asked if there were any questions ?

There were none.

Mayor Knowles stated they have the Financial Report before them and any questions could be directed to Clerk-Treasurer Wolfe.

Mayor Knowles asked if the Clerk-Treasurer had any Communications for the Board ?

Clerk-Treasurer Wolfe replied not at this time.

Mayor Knowles stated on the Legal portion of the Agenda is action on the under drain filters, tabled from the last couple of meetings. She added after talking with Attorney Funkhouser, she feels they should table any action for now, as he has not had time to review them yet. She added that a couple of other companies have expressed issues, possibly other alternatives, etc. She also stated that the company hired to do the water modeling indicated to her that the water department is in an awful situation, there isn't much right with it. She then stated he also mentioned the possibility of a water study on the entire system before the Board decides on the route to take. She then stated it is totally up to the Board.

Councilwoman Askren asked if they could put things on hold and how long the study would take ?

Mayor Knowles replied the study would take some time, and the city is really on no time line, they have already been working on these issues for over two years. She then stated she hates to rush, at least that is her interpretation. She also stated they need to study everything from the filtration to the intakes and the actual water source. She added that she was approached by a company that asked for 1.5MG of unchlorinated water, which wells could provide, but the Council decided not to go to wells. She then stated that large industrial companies suffer if the city can not provide the water. They had talked at the update meeting about the unchlorinated water, and that has to be supplied through wells, and the city will suffer if they can not provide the water to these future customers.

Councilman Cooper stated he feels the city is going in the right direction, and asked Mr. Ash if the new filters would guarantee 4MG ?

Mr. Ash agreed 4MG, yes.

Councilman Cooper stated IDEM has approved the system, and it can be expanded.

Mr. Ash agreed it could be expanded to produce 8 MG per day, especially with the lamellas.

Mayor Knowles added the IDEM won't let the city use the entire capacity amount, there has to be half in reserve.

Mr. Ash replied he is not familiar with that.

Councilman Cooper stated he is ready to go ahead with the filters, though he would like to look at the study.

Councilwoman Askren agreed with Councilman Cooper.

Mayor Knowles stated the city needs to produce water in order to attract business.

Councilman Tucker stated he had lunch with a New Harmony Town Board member and he indicated they had run a line to the State Park and they are getting plenty of water. He was wondering if the city was interested, he would be happy to sit down and talk with the Board.

Mayor Knowles stated she has also already talked with a New Harmony Town Board member and they also mentioned willingness to help and that there is plenty of water for wells east of town, and A B Brown produces huge amounts of water. She added communities all around Mount Vernon use wells, though a long transmission line would be expensive.

Councilman Cooper asked what the attorney is looking at on the bids, just the legal requirements ?

Mayor Knowles replied Mr. Jackson from MAI called one day before Attorney Funkhouser went on vacation so Attorney Funkhouser will look at them when he returns.

Councilman Tucker stated he agrees with Councilman Cooper and feels they are on the right track.

Councilman Cooper stated he would still like to have the attorney tell the Board they are on the right track, any action should probably be tabled for now.

Mayor Knowles stated the bids were equipment bids, normally the construction permit is applied for first, she feels they are putting the cart before the horse.

Councilman Cooper stated they will not buy the equipment until it is approved by IDEM. He stated they need to have the engineering firm do the construction permit first, then they will order the equipment.

Mayor Knowles asked why the rush then to buy the equipment right away ?

Councilman Cooper stated they will not buy the equipment until they have IDEM approval.

Mr. Ash stated the reason to go out for bids on equipment is so the engineer can then have an idea of the money, the cost of the equipment. He added construction bids up that cost by 10%, the city is better off to do that part themselves. He added MAI had conducted their business with the city in this manner for the last eight years.

Mayor Knowles stated it concerns her as this is the same thing that happened with the KROFTA's, it is a concern. She added there were no designs, no plans or specs before hand.

Mr. Ash stated they have the footprints, but no construction plans.

Mayor Knowles stated IDEM says this is not the normal procedure.

Councilman Cooper stated once they get the construction permit to IDEM for approval then they can order the equipment.

Mr. Ash stated U S Filter had met with Yasser from IDEM already.

Councilman Cooper agreed and added the system they are trying to implement is the same system they use in Versailles.

Mayor Knowles stated the Versailles is actually smaller than Mount Vernon.

Councilman Cooper stated they have the same piece of equipment. He then wondered when Attorney Funkhouser would be back ?

Mayor Knowles replied on Thursday.

Councilman Cooper stated he feels they should wait until Attorney Funkhouser returns so they can be sure they are OK on the legal aspect of things.

Mr. Ash stated they can be ready within two weeks.

Councilman Cooper stated they need to move forward, but he would prefer to wait until they hear back from Attorney Funkhouser, then they can get a hold of the engineer.

Board consented to table any action on the bids.

Mayor Knowles asked if anyone in the Audience wished to address the Board ?

There was no response.

Mayor Knowles then stated on the Agenda is David Wrightsman from Bowen Engineering with a presentation.

Mr. Wrightsman stated he would like to discuss with the Board the different ways they can do construction. He added his firm is located out of Indianapolis and they specialize in water and wastewater construction. He stated one of the ways to do a project is by hard bid - there is a bid spec design and this is actually the traditional approach and allows the municipality to get a complete price. He added there are a variety of funding mechanisms, though there could be surprises down the road, in the form of Change Orders, etc.

Mr. Wrightsman stated another way to do construction is by design build. He added in this way, the entity designs and builds the project, there is speed of delivery and some cost savings. He added the drawback to this is that it does not work as well on complex projects. He then stated the final way to do construction is by utility energy efficiency programs where they city would partner with a private firm and finance the project over ten years and any savings would go to pay down debt service. He added there is no Change Order process and no nasty surprises. He added financing is done by a tax exempt lease, basically a ten year bank loan. He also stated bonds are expensive and there is no cost to set up a lease, only a slightly higher rate.

Mr. Wrightsman stated the final way to do construction is by program management - between construction and design management for the city. He added bids are secured, though it is more economical on larger projects. He then stated any of these four options may be of value to the city. He then asked if there were any questions ?

Councilman Cooper asked if there is a phone number where he could be reached later ?

Mr. Wrightsman replied yes and thanked the Board for their time.

Mayor Knowles asked if anyone else in the Audience wished to address the Board ?

There was no response.

Mayor Knowles asked if there was any Old Business ?

There was none.

Mayor Knowles asked if there was any New Business ?

Councilman Tucker stated at the last meeting they discussed the tenant/landlord issue and nonpayment of water bills. He added though that ordinance was killed the question did arise about the meter deposit. He stated some thought the deposit was \$100 but is actually \$41.00 or so for water and \$16.00 for sewer. He asked if they would like to look at raising the deposit.

Councilman Rueger replied he thinks it should be raised.

Councilman Tucker stated he is not sure when it was changed last, but if there is a problem with tenants leaving, this needs to be addressed.

Mayor Knowles stated a public hearing would need to be held, just like with any other rate increase. She added they should let Attorney Funkhouser know and give him guidance on what they are wanting.

Supt. Givens stated he thought they revised the water to \$100 but they decided if they raised sewer to that as well, it could be a hardship on people.

Councilman Tucker stated he does not think so, Miss Bennett gave him this information very recently.

Supt. Givens stated again that sewer did not want folks to have a hardship and agreed to \$66 for sewer.

Councilman Tucker stated he relies on Supt. Gray to run the water works and when he needs information, he goes to them. He added it could be a mistake, it needs to be checked.

Mayor Knowles asked that Councilman Cooper check. She thought this had already been addressed in the last rate increase ordinance.

Supt. Gray replied the deposits are \$51.00 for water and \$16 for sewer.

Councilman Cooper stated the ordinance needs to be checked and then it can be brought back before the Board. He also stated they should ask Attorney Funkhouser to change the ordinance and schedule the public hearing for \$100 water and \$66 sewer.

Councilman Tucker stated it is just a suggestion by the deposit should be increased if is hasn't been increased on the front end for some time.

Mayor Knowles stated if there were no further business, she entertains a motion to adjourn.

Councilman Rueger moved the meeting be adjourned. Seconded by Councilman Cooper.

Mayor Knowles stated all those in favor of the motion should signify in the affirmative; and following the vote, she reported the motion carried unanimously and adjourned the meeting.

Rosemary L. Knowles

Mayor

ATTEST: